

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6615
BILL NUMBER: SB 213

NOTE PREPARED: Dec 27, 2004
BILL AMENDED:

SUBJECT: Sales Tax on Out-of-State Sales.

FIRST AUTHOR: Sen. Young R Michael
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a Sales Tax exemption for motor vehicles, trailers, watercraft, and aircraft transported out of Indiana and titled or registered for use in another state or country.

Effective Date: July 1, 2005.

Explanation of State Expenditures: This bill will have a slight administrative cost impact on the Department of State Revenue (DOR). Any additional costs could be covered using existing staff and resources.

Explanation of State Revenues: This bill provides a Sales Tax exemption for motor vehicles, trailers, watercraft and aircraft transported out of Indiana and titled or registered for use in another state or country. This exemption will result in a decrease in state Sales Tax revenue. The amount of Sales Tax revenue that would be lost is indeterminable. Overall, reinstating this exemption (see *Background*) is expected to result in a significant decrease in Sales Tax revenue.

Sales tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

Background: This exemption was repealed by P.L. 81-2004 (HEA 1365-2004) effective July 1, 2004. Since the exemption has yet to be repealed for an entire year and these sales are now taxable, figures are still not available on the specific increase in Sales Tax revenue due to the repeal of the exemption.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Adam Brown, 317-232-9854.